DEPARTMENT POLICY

State-Funded FIP and SDA Only

State-funded FIP and SDA clients must sign an agreement to repay interim assistance when pursuing a potential benefit. BEM 270 and BEM 271 identify potential benefits the client must pursue.

Repay agreements are required for most **lump sum** payments (for example, inheritances, insurance settlements) and **accumulated benefits** paid retroactively (for example, SSI, Unemployment Compensation, Workers Compensation). See the BPG Glossary and the **LUMP SUMS AND ACCUMULATED BENEFITS** sections in BEM 400 and 500.

Repayment is **not** required from the following:

- Income tax refunds.

- Future wages **or** future monthly benefits (such as, ongoing benefits from SSI, unemployment insurance benefits, workers compensation).

- Presumptive SSI benefits.

- Social Security (RSDI) retroactive **or** future benefits.

- Railroad retirement retroactive **or** future benefits.

Explain **all** of the following to clients required to repay state-funded FIP or SDA:

- Signing the appropriate form is a condition of eligibility, and failure to do so results in denial or closure.

- The client must report receipt of income from the potential source.

- The repayment amount is determined by a prescribed formula see, the Collection Of Repayments section in this item.

- The exact repay amount will be calculated when the benefit is received.

Close the case or deny the application when the client refuses to sign a required repay agreement.

TYPES OF REPAY AGREEMENTS

There are three types of repay agreements, as described in this section:

- DHS-1171, Assistance Application.
- DHS-3975, Reimbursement Authorization.
- DHS-2157, Repay Agreement.

SSI Benefits

DHS-1171

The DHS-1171 contains a reimbursement acknowledgment authorizing SSA to mail the retroactive SSI payment to DHS for repayment of interim state-funded FIP and SDA.

SSA tapes are electronically matched bi-weekly against Bridges to identify state-funded FIP and SDA recipients who are SSI applicants.

The automated system then sends SSA a tape identifying persons whom SSA does **not** have coded as state-funded recipients. SSA changes the coding to reflect the repayment authorization. (This process can take up to six weeks.) Complete a DHS-3975 in some situations; see below.

DHS-3975

Use a DHS-3975 **only** when SSI is the potential benefit source. It serves as a prompt notice to SSA that an SSI applicant is active on a State-funded cash case. If SSI is approved before the automated crossmatch, it alerts SSA to send the retroactive SSI payment to DHS. The form remains in effect until SSI approval **or** a final SSI denial. Additional SSI applications require a new DHS-3975.

Complete a DHS-3975:

- To refer a client to SSA to apply for SSI.
- When the automated system does **not** code a client's case for repayment.

The Single Online Query (SOLQ) indicates that a client has **not** been automatically coded for interim assistance reimbursement (IAR) within six weeks of the SSI application, contact the individual and have him/her sign a DHS-3975. If the client refuses to sign, close the case.

Note: A DHS-3975 is usually **not** needed if the client applied for SSI **before** applying for state-funded FIP or SDA. In that situation, the signed DHS-1171 serves as the repay agreement. However, if the automated process fails to function, a DHS-3975 must be completed.

Other Benefits

SDA Only

DHS-2157

Use a DHS-2157 when the client is pursuing a potential benefit **other than SSI**.

Specify on the form the exact source of benefits to be repaid (for example, "proceeds from worker's compensation lawsuit by client for job-related injury"). If the client is potentially eligible for benefits from multiple sources, use a separate DHS-2157 for each.

COLLECTION OF REPAYMENTS

When the lump sum or accumulated benefit is received, collection actions are as follows:

- Collections of **non-SSI** benefits are handled by the local fiscal unit.

- **SSI** checks are normally sent by SSA to the Reconciliation and Recoupment Section in central office for recovery actions. Reconciliation staff communicate information regarding the SSI to the locally designated IAR liaison, who forwards the information to the responsible worker for case actions. The liaison coordinates recovery actions with Reconciliation and Recoupment for retroactive SSI checks that are sent to the client or local office in error.

  Note: SSA sends presumptive SSI payments directly to the recipient. Repayment is **not** required from these benefits. Verify presumptive SSI benefits by the recipient's award letter from SSA or other contact with SSA (Bridges does **not** distinguish presumptive SSI benefits from regular SSI benefits).

Calculation of Repay Amount

The client must repay the regular, vendored and supplemental statefunded FIP and/or SDA, including SLA provider payments (BAM 430), paid during the interim assistance period. (This includes General Assistance (GA) paid before 10/1/91 and State Family Assistance (SFA) paid before 7/1/97.)

SMP/GA/AMP medical payments to medical providers on the client's behalf are **not** counted when calculating the amount owed.

Note: The repay amount from retroactive SSI reflects **only** the interim assistance to the SSI individual; see Eligible Group in this section.

The repay amount is one of the following:

- For **lump sum** payments (example: insurance settlement), the SDA amount owed **or** the lump sum, whichever is **less.**

- For **accumulated benefits** (example: retroactive SSI), the state-funded FIP and/or SDA amount owed **or** the windfall amount covering the interim assistance period, whichever is **less**.

Interim Assistance Period

The interim assistance period is determined as follows:

- For **lump sum** payments, it begins with the SDA pay period in which the DHS-2157 was signed. It ends with the final interim assistance pay period.

- For **non-SSI accumulated benefits**, it begins with the first SDA pay period covered by the windfall benefit **or** in which the DHS-2157 was signed (whichever is **more recent**). It ends with the final interim assistance pay period.

- For **SSI accumulated benefits**, it begins with the state-funded FIP and/or SDA pay period containing the retroactive SSI begin date.

Exception: It begins with the pay period in which a DHS-1171 or DHS -3975 was signed, if the SSI begin date precedes the date the DHS-1171 or -3975 was signed.

It ends with the last interim assistance payment issued **before** the SSI accumulated benefit was received by the department, **unless** a payment has been prepared and it is too late to stop the payment from being mailed. If this happens then the interim assistance period includes this payment.

Eligible Group

When SSI is received by a client in a two-or-more person eligible group, determine the amount to be repaid by the following steps.

1. Calculate the interim state-funded FIP and/or SDA for all clients, disregarding any income, for **each** month in the interim assistance period.

2. Do the same calculation for the group less one person.

3. Attribute the difference in the amounts in steps 1 and 2 for **each** month to the SSI client.

4. Report the amount calculated for each month to the IAR liaison. The amount to be recovered each month will be based on the SSI amount received for each month.

Excess Benefits

Treat the excess benefit as an asset; see BEM 400.

Repay Agreements Not Honored

If the client receives the benefit directly but fails to repay the interim state-funded FIP and/or SDA as agreed, initiate recoupment; see BAM 700 and 720.

Exception: SSI benefit recovery is initiated by the Reconciliation and Recoupment Section in central office. If the client contacts the local office to arrange repayment, have the client sign form DHS-4358, Notice of Agency or Client Error Overissuance and Recoupment Action. Do **not** enter these debts on ARS unless the client signs a DHS-4358. Notify the IAR liaison if the client signs a DHS-4358.

Exceptions to Repay Obligations

Local office directors have the authority to renegotiate the terms of repay agreements to avoid extreme and unusual hardship to the client.

The circumstances prompting the request and the decision must be documented. Attach the documentation to the repay agreement and file in the case record. Renegotiations may occur if the client's circumstances change.

SOLQ Information

IAR codes can be located on the bottom of the last page of the SOLQ. The codes are as follows:

0 = There is no interim assistance involved.
1 = Payment has been made or is being made to the state.
2 = Payment was sent to the state.
3 = SSI was denied or there was no retroactive payment.
4 = Reimbursable assistance case pending or denied.

LEGAL BASE

State-Funded FIP and SDA

Annual Appropriations Act
Michigan Administrative Code; R 400.3151 – 400.3180